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SOUTH AMERICA: THE REVOLUTION BEHIND
THE SCENES

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RAND Corporation
Santa Monica, California

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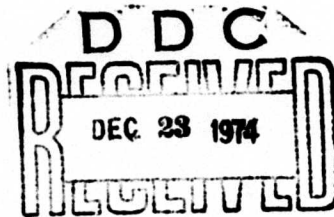
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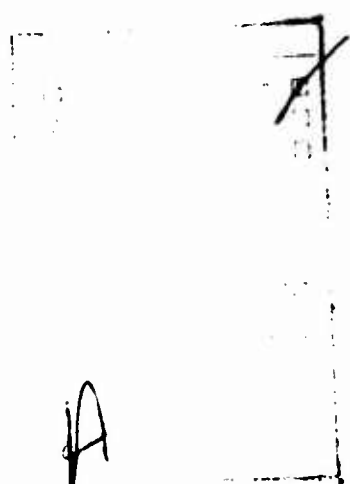


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SOUTH AMERICA: THE REVOLUTION BEHIND THE SCENES*

Luigi R. Einaudi

South America is changing decisively. Some of the changes are highly visible, but many of the most important developments are elusive, for they are taking place in men's minds and in debates behind the closed doors of government offices. Cumulatively, they portend much for the shape of the world now emerging as the bipolar system, dominant in international affairs since World War II, continues to erode. Indeed, South America may well become a touchstone of this increasingly differentiated international order and of the capacity of the United States to participate constructively in it.

During the 1960s, South America was swept by a series of guerrilla uprisings inspired by the Cuban revolution. Sporadic terrorism still reminds us of the failures of that earlier period, symbolized by Che Guevara's death in Bolivia. Yet the containment of insurgencies has, if anything, accelerated the processes of change. While our attention has gradually turned elsewhere, local and international relationships are being transformed, often in unexpected ways.

Recent events in South America's major countries provide considerable evidence of these changes. In Peru, a revolutionary military government has introduced unprecedented agrarian and industrial reforms. In Brazil, a succession of relatively conservative military governments has repressed dissent and presides over escalating economic growth that promises to make Brazil a major industrial power. In Argentina, a weak military government has yielded to a resurgent Peronist movement with a youthful following that belies the record of its aging leader. Chile's democratic tradition remains intact, but the election of a socialist government has brought economic and political turmoil.

* This article, written for the Opinion Section of the Los Angeles Times, is based on a collection of essays originally written for the Department of State, and to be published this fall by Crane, Russak and Company of New York under the title, *Beyond Cuba: Latin America Takes Charge of its Future*.

Nor have international relationships remained static. Japan has become a major economic force in the hemisphere. European governments and firms are aggressively expanding their activities. The Communist countries of Eastern Europe, the Soviet Union, and even China have established diplomatic relations and are seeking new economic and political opportunities. Brazil has actively sought European and Japanese investments. Startled by Brazil's growth, which has led to a quadrupling of industrial exports in less than a decade, the five Andean countries and Venezuela have joined in a pact designed to accelerate regional industrialization and present a common front to the outside world. Argentina, Chile, and Peru have recognized Cuba, and Venezuela and Panama have notably improved their relationships with Fidel Castro's government. Ecuador is joining Venezuela as a major oil exporter, and Peru may become one before 1980.

These events reflect more than the perennial flux of Latin American politics. Underlying the partisan disputes and continuing uncertainties of South American life is a generalized commitment to national development that is less dramatic, but considerably more enduring and significant than the guerrilla uprisings of a decade ago. Social reforms are sought today through a variety of means: constitutional politics in Chile, the direct imposition of change from above in Peru, and as indirect consequences of rapid economic growth in Brazil. But the fundamental trend, common to all three cases, is the translation of the impulse toward change into the programs and activities of central governments. Violent "outside" strategies of change have been replaced by "inside" strategies designed to reorient national institutions from within rather than replace them. A new generation of political leaders and government technocrats, frequently educated in the leading universities of the industrialized world, are applying innovative techniques to the solution of their countries' internal problems and to the search for a revitalized international role, freer from external domination than in the past.

In fact, the leaders of change today represent the very institutions that have traditionally dominated Latin American life: the Catholic Church, the military, and the very central government establishments often criticized as obstinate defenders of the *status quo*.

Spokesmen for the Catholic Church have adopted a role of independent social criticism, denouncing injustices in accord with a "prophetic mission" that profoundly alters the political environment in favor of change. Military forces are increasingly concerned with the nexus between security, their primary mission, and development. As a result, military leaders frequently consider national development as a prerequisite to security. A new consensus is emerging around the advocacy of structural reforms and of lessened dependence on the United States.

Underpinning these efforts is a development of institutions that escapes many of the simpler generalizations through which we have become accustomed to view "Latin America." The spread of education and industrialization has transformed old institutions and created new ones. Throughout Latin America we find planning institutes, research centers, and similar manifestations of growing economic and intellectual modernity. Universities have proliferated and diversified. Public bureaucracies are gaining in strength and responsibility. The presence of trained economists and social scientists in government ministries reflects an increased concern and capacity for dealing with socio-economic problems. Public and quasi-public corporations have risen, not only in Chile, which is seeking explicitly "socialist" solutions, or Peru, which is experimenting with "participationist" formulas, but in Argentina and Brazil, which follow more "orthodox" economic policies. Governments are assuming major roles in key areas of economic activity, such as petroleum, mining, banking, and heavy industry.

This pattern of state-related growth does not mean that the "free enterprise system" is being supplanted by "socialism," or even that Latin America is abandoning all of its traditional ways. But fundamental changes are clearly taking place. Modern institutions are less subject to oligarchical manipulation, and provide channels for elements of the middle sectors and the professions to make their views felt. The conflicts characteristic of South America's increasingly developed societies simply do not fit the cataclysmic stereotypes of left or right, of revolution or reaction. As in the United States, public policy and institutional relationships are acquiring a continuity that transcends specific regimes and narrow partisan limits.

These efforts, and the growth of national capacity they imply, are particularly evident in the major South American countries. Throughout Latin America, however, governments and elites are less subject to external manipulation than in the past. The growth of national consciousness and confidence are leading to a search for development formulas that reflect local traditions and interests. Governments are seeking to channel foreign trade and investment toward national priorities. This emphasis is also making economic issues a benchmark of Latin American foreign relations, including current attempts to reorganize the Inter-American system.

Three issues are particularly important. The first involves a growing effort to promote nontraditional exports, particularly of manufactures and semi-manufactures, so as to increase the availability of foreign exchange and stimulate industrial growth. Continuing unemployment and concentrated poverty are simultaneously leading to increased concern over income redistribution and regional development. Finally, governments are attempting to seek new arrangements in foreign economic relations, driving harder bargains in negotiations over trade and foreign investment, and seeking lower cost and politically more acceptable arrangements. Not infrequently, state enterprises participate in these arrangements, and attempt to acquire technology and provide management independent of direct foreign control.

The call for improved terms of trade and economic relations is supported internally by South America's own development and consequent desire for lessened dependence. It is supported internationally by competition among the major industrial powers, whose activities provide South America with more varied options--politically as well as economically--than in the past. South America's new leaders, however, are determined to reject the indiscriminate adoption of foreign models, whether Communist or statist, even as they resist the wholesale emulation of the American way of life for their societies.

Taken as a whole, these trends reflect Latin America's continuing growth, and have considerable positive potential. How the United States responds to them may affect developments, even decisively in some cases, but cannot alter their presence. This reality suggests we must abandon past assumptions of U.S. predominance and develop what President Nixon

has called a more mature relationship. The Alliance for Progress contributed to many aspects of Latin America's development, but has been overtaken by events in the U.S. as well as in South America. Recognizing this fact, the U.S. government has recently sought to avoid paternalism toward South America, dealing pragmatically with all governments, and showing commendable restraint when faced with challenges to long-standing U.S. economic interests. To its credit, the Nixon Administration did not fall for I.T.T.'s schemes in Chile, and, unlike the Kennedy and Johnson administrations, it has also avoided military intervention.

But the central challenge of the 1970s for the United States in South America, the development of relationships outside of the traditional assistance framework, remains unresolved. Traditional assistance programs, hedged in by restrictions, do not provide a satisfactory basis for the dialogue and reciprocity necessary to build new relationships. Economically, politically, and culturally, Latin America is a most challenging part of the new world scene. Current needs are for trade, not aid, and for understanding, not preaching. A new U.S. policy, to be successful, will need to reflect even greater awareness of South America's revolution behind the scenes.